PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE CONSTITUTION OF INDIA

[Copy of letter No. 14 (1)-T.M.P./64-P&D, dated the 7th September, 1965 from Shri T.N. Singh, Minister of Industry in the Ministry of Industry and Supply to the Secretary, Lok Sabha.]

The President having been informed of the subject matter of the proposed Patents Bill, 1965, recommends consideration of the Bill in the Lok Sabha under article 117 (3) of the Constitution of India.

Notes on clauses

Clause 2.—The definition of 'invention' in the existing Act has been modified so as to represent more accurately the existing position as defined by case-law. Several new definitions have also been included. For example, a definition of 'person' has been included in order to remove any doubt as to whether it includes the Government. A definition of 'Government undertaking' has become necessary in view of the occurrence of this expression in several places in the Bill. In the new definition of 'true and first inventor' it is made clear that it does not include the first importer of the invention and the first communicatee from abroad.

Clause 3.—In this clause are set out the several types of inventions or alleged inventions which are regarded universally or almost universally as not being patentable. In view of the non-availability of case-law on the subject in India, it would be advantageous to codify this part of the law as generally understood and applied.

Clause 4.—For making this law self-contained, a reference to section 20 of the Atomic Energy Act, 1962, is included under which no patent can be granted for inventions relating to atomic energy.

Clause 5.—In the case of inventions relating to baby and invalid food, medicines and drugs it would not be in the interests of an under developed country like India to grant patents in respect of the substances themselves. But there is no such objection in relation to the processes involved. This clause accordingly restricts patentability to the processes involved in the manufacture or production of such substances.

Clause 6.—This replaces sub-section (1) of section 3 of the existing Act, but has been remodelled on the lines of section 34 of the Australian patents Act, 1952 and section 1 of the U.K. patents Act., 1949, by expressly including assignees, legal representatives, etc., among persons entitled to apply for patents.

Clause 7 dealing with the form of application seeks to make it clear that every application shall be for one invention only.

Clause 8.—As the majority of the applicants for patents in India are foreign nationals and as in several cases the application in India is for the same or substantially the same invention as that for which a patent has already been applied for in a freign country, this clause seeks to ensure that all relevant information as respects such foreign invention is made available to the Controller for the purpose of disposing of questions relating to novelty of invention, patentability, etc.

Clause 9.—This clause replaces section 4A of the existing Act. The increase in the time limit, namely, fifteen months in all in sub-clause (1) should benefit Indian nationals to get the complete specifications in proper order for being filed.

Clause 10.—This clause dealing with contents of specifications corresponds to section 4 of the existing Act but has been amplified in the light of section 4 of the U.K. Patents Act, 1949.

Clause 11.—This clause seeks to make provision respecting the priority date for each claim of a complete specification and is based on section 5 of the U.K. Patents Act, 1949, and sections 44 and 45 of the Australian Patents Act, 1952, but its scope is enlarged in order to provide for the various contingencies which may arise in the determination of the priority date for each such claim.

Clauses 12 *and* 13.—The existing Act does not contain any specific provision requiring the Controller to make a compulsory search for ascertainiing the novelty of an invention before its acceptance. These clauses make it obligatory for searches to be made by the patent office in respect of all patent applications. Anticipation by publication is not to be confined to publication in India as at present and publication of an invention in India or any foreign country before the priority date claimed would constitute anticipation. Such a provision will enhance the commercial value attached to Indian patents.

Clause 14.—This clause is intended to make it clear that the applicant should be given an opportunity of being heard before any objections raised by the examiner are up held by the Controller.

Clause 15 deals with the cases or circumstances in which an application for patent may be refused by the Controller.

Clauses 16 *to* 20.—Apart from the power to refuse an application, these clauses deal with the powers of the Controller to pass other suitable orders.

Under clause 16, where an application and the claims based thereon relate to more than one invention, the Controller may allow the applicant to amend the complete specification by confining it to a single invention.

Clause 17 deals with powers of the Controller for the purpose of post-dating applications.

Clause 18 deals with the powers of the Controller in cases of anticipation.

Clause 19 deals with the powers of the Controller in cases where an invention cannot be performed without risk of infringement of some claim of an earlier patent.

Clause 20 deals with cases where substitution in the names of applicants becomes necessary.

Clause 21.—This clause provides for the maximum limit of time within which an application or a complete specification should be accepted if the application is not to be regarded as abandoned. As the subject-matter in all these cases is the complete specification, time should commence to run from the date of the complete specification and not from the date of the application as under section 5 (4) of the existing Act. It would also be necessary to provide for further extension of time where delay takes place in the office of the Controller by reason of the investigations to be made by the examiner. Sub-clause (2) contains the necessary provisions in this behalf.

Clause 22 makes provisions similar to those contained in section 13 (1) of the U. K. Patents Act, 1949, as respects acceptance of complete specification.

Clause 23 deals with advertisement of acceptance of the complete specification and replaces section 6 of the existing Act.

Clause 24.—This corresponds to section 7 of the existing Act except that the rights and privileges of the applicant commence not from the date of the acceptance of the application as in the existing Act but from the date of the acceptance of the complete specification.

Clause 25.—This clause purports to retain the existing procedure for opposition to the grant of patents as being necessary in the public interest, at the same time enlarging the grounds for opposition mentioned in section 9 of the existing Act.

Clause 26 deals with cases of 'obtaining' which are brought to light in opposition proceedings and seeks to authorise the Controller to deal suitably with the opponent's claim in such cases.

Clause 27.—This clause, modelled on section 15 of the U. K. Patents Act, 1949, would be useful where anticipatory publications are brought to the notice of the Controller with the informant filing a formal opposition to the grant.

Clause 28.—This clause seeks to give recognition to the right of the first inventor to be mentioned in the patent, if he so desires, although he may have parted with his proprietary interest therein.

Clauses 29 *to* 34 seek to afford guidance to the Controller in determining what constitutes anticipation under the other provisions of the law (for example, clause 13).

Clauses 35 *to* 42.—These clauses replace in a more comprehensive manner section 21A of the existing Act and are intended to secure that inventions relevant for defence purposes which are the subject matter of applications for patents are in the interests of national security kept secret. Any secrecy orders passed by the Controller in respect of such inventions are to be notified to the Central Government and are to be periodically reviewed. Though applications which are subject to secrecy directions may proceed up to the stage of acceptance they may not be advertised and no patent shall be granted in respect thereof. It is also provided that no person resident in India shall, except with the prior permission of the Controller apply for a patent outside India unless an application for patent for the same invention has been made in India not less than eight weeks before the application outside India and either no secrecy directions have been made in India or such directions have been revoked. Any contravention of secrecy directions will, apart from any criminal liability, render the applicant ineligible to proceed with the application. Payment by way of solatium is also provided for an applicant who may suffer hardship by reason of any secrecy directions.

Clause 43.—This clause seeks to replace section 10 of the existing Act in a modified form. Incidentally it removes the overall time limit specified in section 10 (2) for the sealing of a patent as being too short and unnecessary.

Clause 45.—This clause replaces section 11 of the existing Act and makes the date of filing of the complete specification the date of the patent and not the date of the application as in the existing Act. [Compare section 22 (1) of the U.K. Patents Act, 1949 and section 67 (1) of the Australian Patents Act, 1952].

Clause 46 replaces section 12 of the existing Act relating to the effect, extent and form of patent in a modified form.

Clause 47 seeks to define in clear terms the rights of a patentee, rights which have at present to be determined with reference to decided cases. In the case of a patent for a process it is sought to be made clear that the patentee has the exclusive right to the sale in India of articles made by the patented process. Such a provision would be of advantage to Indian patentees.

Clause 48 is intended to clarify the rights of research workers and the like to use the invention in the course of research as distinguished from use for commercial purposes. It also seeks to provide that import of medicines or drugs or medical equipment by Government for its own purpose or the production of a patented article by Government for its own use shall not be regarded as an infringement of patent rights.

Clause 49 replaces section 42 of the existing Act and at the same time seeks to ensure reciprocity.

Clause 50.—This clause which is in modification of section 37 of the existing Act, seeks to define the rights *inter se* of joint patentees and follows section 54 of the U.K. Patents Act, 1949. In addition to cases where a patent has been granted to two or more persons, this clause also covers cases where registered ownership in a patent has arisen by assignment or devolution.

Clause 51 modelled on section 55 of the U.K. Patents Act, 1949 seeks to authorise the Controller to give directions to co-owners with respect to the exercise of their rights wherever necessary.

Clause 52 seeks to replace section 13 (2) of the existing Act and provides for cases where patents have to be revoked in favour of the true and first inventor.

Clause 53 seeks to replace section 14 of the existing Act with suitable modifications. The term of every patent hereafter would be 14 years and not 16 years as hithertofore; but in the case of patents in the field of baby and invalid foods, medicines and drugs, where the process alone will hereafter be patentable, the trem will be 10 years. The term of existing patents in this field would be limited to 10 years from the date of the patent.

Clauses 54, 55 *and* 56.—Modelled on section 26 of the U.K. Patents Act, 1949, these clauses considerably modify section 15A of the existing Act dealing with the grant of patents of addition in respect of improvements and modifications.

Clauses 57 *to* 59 deal with amendments of complete specifications before the Controller and before the High Court and correspond to sections 29 to 31 of the U.K. Patents Act, 1949. The scope of permissible amendments before and after acceptance of a complete specification is dealt with in clause 59. It is sought to be made clear that the scope of permisible amendments after acceptance of the complete specification cannot be wider or larger than that of an unamended specification

Clauses 60 to 62 replace section 16 of the existing Act and seek to deal more elaborately with restoration in certain circumstnces of lapsed patents and the procedure to be followed and the conditions which may be imposed in connection with such restorations.

Clause 63 deals with voluntary surrender of patents. It is now provided that in addition to the offer of surrender being advertised all persons interested in the patent should be notified and their opposition, if any, considered before the surrender is accepted.

Cluase 64 deals with revocation of patents and replaces section 26 of the existing Act. It is now proposed that proceedings for revocation should lie only in the High Court. The grounds for revocation are now amplified in the light of experience gained and prevailing conditions. Under this clause it would be open to any person interested and also to the Central Government to apply for revocation.

Clause 65 is new and seeks to empower the Controller to revoke a patent or to have the complete specification amended where the invention relates to atomic energy.

Clause.—66 This reproduces section 25 of the existing Act with suitable safeguards and is a useful provision for the furtherance of the country's national economy.

Clause 67 seeks to provide for the maintenance of a patent register and the particulars be to entered therein.

Clause 68 seeks to provide that every transaction relating to patents which is registrable should be entered in the register as soon as possible after the transaction is entered into. At present while patent registers furnish complete information as regards proprietary interests, the same cannot be said of licences and other interests.

Clauses 69 *and* 70 deal with the registration of proprietary interests in patents and the power of registered grantees or proprietors to deal with such patents.

Clause 71 seeks to provide for the rectification of registers by the High Court.

Clause 72 seeks to declare that the register shall be open to public inspection.

Clauses 73 to 76 deal with the establishment of a patent office. Clause 75 which is new seeks to disqualify employees of the patent office from acquiring any interest in patents except by way of inheritance or bequest. Clause 76, which is also new, requires the employees of the patent office (upon pain of punishment) to observe secrecy in respect of confidential information and documents to which they may have access in the discharge of their duties.

Clauses 77 to 81 deal with the general powers of the Controllor and their exercise. The powers include a power to correct clerical errors in patents or in specifications or in other documents or in the register.

Clause 82 contains certain special definitions. For the purposes of Chapter XVI it has to be made clear that' a patentee includes an exclusive licensee who has the sole right to grant a sublicence.

Clauses 83 seeks to emphasize as does clause 94 from another aspect that the main purpose for which a patent is granted is to have the invention worked in this country to its advantage.

Clauses 84 *and* 85 deal with the grant of compulsory licences where a complaint is made that the patent has not been worked in such a manner as to satisfy the reasonable requirements of the public, and are in amplification of the provisions contained in section 22 of the existing Act.

Clause 86 replaces sections 23A and 23B of the existing Act. As in the existing Act, the right to apply for endorsement of patents with the words "Licences of right" is confined to the Central Government as "persons interested" in working the invention might not desire that other persons besides themselves should also have the right to obtain licences.

Clause 87 is new and provides that patents in the field of drugs, medicines or baby and invalid foods and chemical inventions shall be deemed to be endorsed with the words "Licence of right". The royalty payable under any compulsory licence, if granted hereafter in respect of such substances other than chemical processes is sought to be regulated by clause 88. Suitable provisions are also being made to enable an applicant for a licence to work the invention pending determination of the royalty. These provisions are intended to secure the proper development of the food, drug and chemical industries in the country.

Clause 89 seeks to vest a residuary power in the Controller to revoke a patent in the event of the invention not being worked to an adequate extent in the country, notwithstanding the compulsory licensing provision, etc. Such a provision will also have the indirect effect of inducing patentees to impart to licensees sufficient details as to the know-how for working inventions.

Clause 90 seeks to define what is meant by the expression "reasonable requirements of the public have not been satisfied" for the purposes of the preceding clauses in the context of an underdeveloped country like India.

Clause 91 seeks to empower the Controller to adjourn any proceeding under this Chapter for a period not exceeding 12 months so as to cover cases where it is sought to be shown that the time between the sealing of a patent and the application under this Chapter is not sufficient to enable patentee to work the invention to an adequate extent.

Clauses 92 *and* 93 deal with the procedure to be followed and the powers of the Controller in relation to the grant of compulsory licences.

Clause 94 seeks to formulate certain general principles for the guidance of the Controller in granting compulsory licences.

Clause 95 seeks to regulate the terms and conditions which may be imposed in respect of compulsory licences. Except where the Central Government has otherwise directed, the import of a patented article cannot be permitted under the guise of a compulsory licence.

Clause 96 is intended to prevent the abuse of patent monopolies for blocking purposes and to facilitate the working of related patents.

Clause 97 seeks to replace sub-section (4) of section 2300 of the existing Act.

Clause 99.—For governmental purposes, the use of a patent by a Government undertaking is really equivalent to governmental use. In addition, the powers sought to be conferred by this Chapter may have to be invoked in relation to certain classes of undertakings in the private sector which may be notified for this purpose by the Central Government. The expression use of invention for the purposes of Government is being suitably defined to cover all such cases.

Clauses 100 *and* 101 seek to regulate the use of inventions for the purposes of Government and the rights of third parties in relation thereto. The authority to authorise the use of any invention would be the Central Government, but the purposes for which an invention may be used would include the purposes of a State Government, Government undertaking, etc.

Clause 102 would be useful to enable the Central Government to acquire an invention in certain circumstances, as for example, where it would be economical to acquire the patent instead of obtaining compulsory licences in respect thereof.

Clause 103.—Jurisdiction is sought to be vested in the High Court to decide disputes relating to the use of any invention for the purposes of Government.

Clause 104.—While suits for declarations, infringements, etc., may be brought before the district court as under section 29 of the existing Act, jurisdiction to hear petitions for revocation of patents which will have effect beyond the parties to the proceedings is given only to the High Court under clause 64.

Clause 105 is patterned on section 66 of the U. K. Patents Act, 1949, and seeks to expressly authorise the court to grant declaratory decrees as to non-infringement even where the defendent has not denied the right of the plaintiff or has not asserted any adverse right in himself.

Clause 106 seeks to replace section 36 of the existing Act and provides for a remedy in case of groundless threat of legal proceedings.

Clause 107.—Based on section 32 (4) of the U. K. Patents Act, 1949, this clause seeks to provide that the grounds on which a patent may be revoked would be available as grounds of defence to an action for infringement.

Clause 108 provides for reliefs which may be granted in a suit for infringement, the acts constituting infringement being determined with reference to clause 47 and the terms of the patent.

Clauses 109 *and* 110 deal with the rights of exclusive licensees and licensees under section 84 to take proceedings against infrigement.

Clauses 111 *and* 112 seek to replace section 30 of the existing Act and restrict the power of the court to grant damages, injunction, etc., in certain cases.

Clause 113 seeks to replace section 32 of the existing Act, but the power to grant certificates of validity is confined to petitions for revocation. Where any such certificate has been granted, this clause seeks to regulate the costs in suits for infringement. Where a matter is taken to an appellate court by the patantee, the attack on the validity of the claim cannot be said to be frivolous and therefore sub-clause (3) does not vest any such power as to costs in the appellate court.

Clause 114 modelled on section 62 of the U. K. Patents Act, 1949, seeks to replace section 35A of the existing Act relating to infringement of partially valid specifications.

Clause 115.—Section 35 of the existing Act provides for the hearing of suits under that Act with the aid of assessors. This clause seeks to set out in more precise terms the type of persons to be appointed, their functions, remuneration, etc.

Clause 116 seeks to provide for appeal from orders of the Controller. In this connection, it is desirable to provide expressly that no appeal shall lie from decisions and orders of the Central Government on the lines of section 109 (1) of the Trade and Merchandise Marks Act, 1958.

Clause 117 seeks to lay down the procedure for the hearing of appeals. It is in modification of the provisions contained in section 23G of the existing Act and follows section 109 (4) and (5) of the Trade and Merchandise Marks Act, 1958.

Clause 118 to 124 seek to provide for the punishment of offences under the new law. The existing Act does not contain adequate provisions in this behalf, the only penalty provided therein (Section 78) being in respect of the wrongful use of the words "patent office"

Clause 125 to 132.—The provisions contained in sections 75 and 76 of the existing Act on the subject of agency are insufficient to regulate appearances before the Controller by persons styling themselves as patent agents. It is desirable as in other countries, that patent agents should be properly qualified to do their work–a work which involves great skill and responsibility. These clauses, which are new, therefore provide for statutory control of patent agents. No person whose name is not entered in the register of patent agents will hereafter be permitted to describe himself as a patent agent, but nothing in this Chapter would compel an individual to resort to a patent agent for filing his application or prevent him from acting in the matter himself or through an authorised agent.

Clauses 133 to 139 seek to replace section 78A of the existing Act which is confined to reciprocal arrangements between India and the United Kingdom and other parts of Her Britannic Majesty's dominions by more comprehensive provisions. Apart from making due provision for the mutual protection of inventions, a clause on the lines of section 132 of the Trade and Merchandise Marks Act, 1958, has also been included (clause 134) whereby nationals of countries which do not accord reciprocity to our citizens will be denied the right to apply for patents, etc., in India.

Clause 140 based on section 57 of the U.K. Patents Act, 1949, and section 112 of the Australian Patents Act, 1952, is new, and is intended to ensure that patent rights are not made an instrument of a monopoly wider in scope or longer in duration than

afforded under the patents by the statute. Accordingly, conditions in contracts, leases or licences which tend to impose restrictions on the other party with regard to the purchase of articles or use of processes other than the patented article or patented process are rendered void as being restrictions on trade injurious to the public interest. This clause will also apply to contracts made before the commencement of this new law in so far as any such restrictions are allowed to continue after the expiration of three months from such commencement. The period of three months would enable the parties to have the contracts suitably altered, if they so choose.

Clause 141 is also new and is designed to counter attempts by patentees to extend the duration of their patent monopolies beyond the period allowed by statute. This clause will enable the patentee, lessee or licensee to determine a contract containing any such restrictions on giving three months' notice.

Clauses 143 *and* 144.—These clauses while placing restrictions upon the publication of reports of examiners, specifications, etc., seek to vest a discretion in the Controller as to the publication of the result of any search under clause 13. Such a provision would be of value to inventors who desire to know the extent of a prior invention.

Clause 146.—This provision which is confined to information regarding the extent to which an invention is being commercially worked in India is necessary for the proper working of this law, apart from its statistical value.

Clause 147.—Sub-clauses (1) and (2) are based on sections 71 and 71A of the existing Act and sub-section (3) is based on section 116 of the Trade and Merchandise Marks Act, 1958.

Clause 151 seeks to replace section 33 of the existing Act by more elaborate provisions. While orders of High Courts regarding revocation of patents or certificates of validity of claims are to be entered in the register of patents, orders of other courts in suits for infringement, etc., are to be filed in a supplemental register as such orders affect only the parties thereto.

Clause 161.—This clause makes special provisions in respect of applications for patents which were referred from time to time to the Department of Atomic Energy for directions as they had references to atomic energy. These applications now stand lapsed, due to no fault of the applicants, on the ground that the maximum period of acceptance prescribed under sub-section (4) of section 5 of the Indian Patents and Designs Act, 1911, has expired.

FINANCIAL MEMORANDUM

The Bill seeks to amend and consolidate the law relating to patents contained in the Indian Patents and Designs Act, 1911, with a view to stimulate inventions among Indians and to encourage the development and exploitation of new inventions for industrial progress in India and to ensure that patent rights are not abused, to the detriment of the national interests. The Patent Office, which administers the Indian Patents and Designs Act, will have to keep a close watch over the commercial exploitation of patents and licensing and other proceedings under the Act. The steady increase in the number of applications for patents year after year, the proposal for extensive world-wide search for novelty, the expansion of the grounds of opposition, grounds for the grant of compulsory licences and the provisions for revocation for non-working, will involve additional functions on the Patent Office.

Clause 13 of the Bill envisages compulsory search for ascertaining 'novelty' of an invention and for determining 'anticipation', the scope of search extending to prior publication not only in India but elsewhere. Involving as it does much heavier work and responsibility than at present, it will necessitate an appreciable augmentation of the Examining and Supervisory officers of the Patent Office. Further, it will necessitate the setting up of a Special Abstracting Section at the Patent Office, Calcutta, which will engage itself on the collection of all *foreign* patent specifications and other technical documents, classification of the same industry-wise, preparing abstracts of the same and printing or duplication of the abstracts, etc.

Clause 74 (2) of the Bill provides for the establishment of branch offices of the Patent Office at different centres in the country in order to meet the growing requirements of the public and to facilitate registration of patents. To begin with, it is intended to have 3 branch offices of the Patent Office at Bombay, Delhi and Madras. This is on lines similar to the three branch offices of the Trade Marks Registry functioning at Calcutta, Delhi and Madras under the Trade and Merchandise Marks Act, 1958. The branch offices will be concerned with receiving of applications for patents, preliminary examination of the applications and amendments thereto, taking hearings and attending to all further correspondence such as communication of orders and the like, except of course detailed search for anticipation which will be conducted at the Head Office, Calcutta.

Clause 115 of the Bill envisages the appointment of Scientific Advisers to assist the Court in any suit for infringement or in any proceeding before a Court under the Act.

The aforesaid measures will involve extra work and will necessitate employment of some additional staff. The expenditure on account of additional staff, together with incidental expenses on administration is estimated at about Rs. 4 lakhs including Rs. 20,000 non-recurring. The actual recruitment of staff will, however, be made as may be determined by careful work-study.

Requirement of personnel and finance:

1.	Annual emoluments of officers:—		
	(*a*) Asstt. Controllers.	7	Rs. 2,57,000
	(*b*) Examiners of Patents & Designs	27	
2.	Annual emoluments of staff:—		
	(*a*) Senior Scientific Assistants.	10	Rs. 98,700
	(*b*) Assitt. Supdts.	3	
	(*c*) U.D.Cs.	9	
3.	Incidental expenses.		Rs. 44,300
			TOTAL:—Rs. 4,00,000

Taking the average of the past 3 years, the annual expenditure of the Patent Office is of the order of Rs. 9. 5 lakhs, while the annual income by way of fees realised amounts to Rs. 13·2 lakhs. It is to be mentioned in this context that while a general increase in the revenues may be expected on account of the filing of larger number of applications for patents year after year and also on account of the enhanced rates of fees for applications and for renewals, yet the reduction of the term of patents from 14 years to 10 years and the stopping of the grant of product patents in the fields of food, drugs and medicine, will probably offset to some extent the above. However, on balance it may be expected that the present revenue islikely to be maintained. Apart from that, as so pertinently pointed out by

Shri Justice Rajagopala Ayyangar in his report on the Revision of Patents Law "The maintenance of a Patent Office should be considered a service rendered to the public, and this is how it is looked upon the U.K. & U.S.A. and other advanced countries and therefore if an increase in the cost should result in an increase in the efficiency of the service, the cost is always worthwhile."

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 158 authorises the High Court to make rules as to the conduct of procedure in respect of proceedings before it under this law.

Clause 159 authorises the Central Government to make rules for carrying out the purposes of this law. The rules are subject to the condition of previous publication. The matters set out in that clause in respect of which rules may be made are matters of a procedural nature and are merely ancillary to the proper implementation of this law.

The rule-making power sought to be conferred by the above two clauses is of a normal character.

S. L. SHAKDHER,
Secretary.

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